

Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes

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PRESS RELEASE

Income Tax Department conducts searches on a business group dealing in lotteries

Income Tax Investigation Directorate, Chennai conducted searches on a Coimbatore based business group handling the lotteries run by certain State Governments under agreements with them to function as a Marketing Agent. The search commenced on 30.04.2019 across 70 premises located in Coimbatore, Chennai, Kolkata, Mumbai, Delhi, Hyderabad, Guwahati, Siliguri, Gangtok, Ranchi and Ludhiana. The group is particularly active in lotteries of West Bengal and North Eastern States where it has monopoly control. The group also has dealings in Real Estate and finance business in Coimbatore in a big way.

The group has been under the Department's radar for quite some time due to the continuous and huge fall in its advance tax payments in the last two years.

During the search, the assessee admitted unaccounted income of ₹ 595 crore received from stockists towards manipulation of PWT (Prize Winning Tickets).

In respect of its real estate and finance business in Coimbatore, the assessee has also admitted to offer further unaccounted income to tax after reconciliation of the over ₹ 600 crore of unaccounted receipts (including on-money received in real estate and interest received on loans given) and payments made for various investments.

During the search, ₹8.25 crore of unaccounted cash was found, out of which ₹5.8 crore cash was seized. The remaining cash has been kept under prohibitory orders for further verification. Prima facie, unaccounted gold and diamond jewellery of an approximate value of about ₹24.57 crore was also found in the search which was also placed under prohibitory orders as verification is under process.

Prohibitory orders have been placed in several premises where incriminating evidence comprising a large volume of paper and electronic documents still remain to be examined.

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